

# Executive Summary

This report documents the Department of Veterans Affairs' (VA) progress during fiscal year (FY) 2003 toward ensuring that America's veterans and their families receive timely, compassionate, high-quality care and benefits. The performance information in part II conforms to the *Department of Veterans Affairs Strategic Plan 2003 – 2008*, published in July 2003, which can be found at our Web site link, <http://www.va.gov/hottopic/>. The financial statements, audit results, and major management challenges can be found in part III of this report.

In FY 2003, with resources of \$65.1 billion in obligations and nearly 212,000 full-time equivalent (FTE) employees, VA achieved significant accomplishments that brought us closer to attaining our long-term strategic goals. To help measure our progress, we established 125 performance goals at the beginning of the fiscal year, 27 of which were identified by VA's senior leadership as critical to the success of the Department.

VA's performance scorecard for FY 2003 summarizes how well we did in meeting the key performance goals directly associated with each of the strategic goals. This allows us to examine performance from a Departmental perspective. The Department made significant advances during FY 2003, but continued to have challenges in certain areas.

The number of veterans using VA's health care system has risen dramatically in recent years, increasing from 2.9 million in 1995 to 5 million in

## Mission

*"To care for him who shall have borne the battle, and for his widow, and his orphan...."*

*These words, spoken by Abraham Lincoln during his Second Inaugural Address, reflect the philosophy and principles that guide the efforts of the Department of Veterans Affairs in serving the Nation's veterans and their families.*

2003. Unable to completely absorb this increase, VA began 2003 with more than 280,000 veterans on waiting lists to receive medical care. In order to ensure VA has capacity to care for veterans for whom our Nation has the greatest obligation – those with service-connected disabilities, lower incomes, or needing specialized care such as veterans who are blind or have spinal cord injuries – the Secretary made his annual health care enrollment decision in January, suspending additional enrollments for veterans with the lowest statutory priority. This category includes veterans who are not being compensated for military-related disability and who have higher incomes. This decision, along with a focused effort to address the large waiting list of veterans who requested an appointment, has improved access to health care for those who need it most.

In addition, a new regulation giving priority access for severely disabled

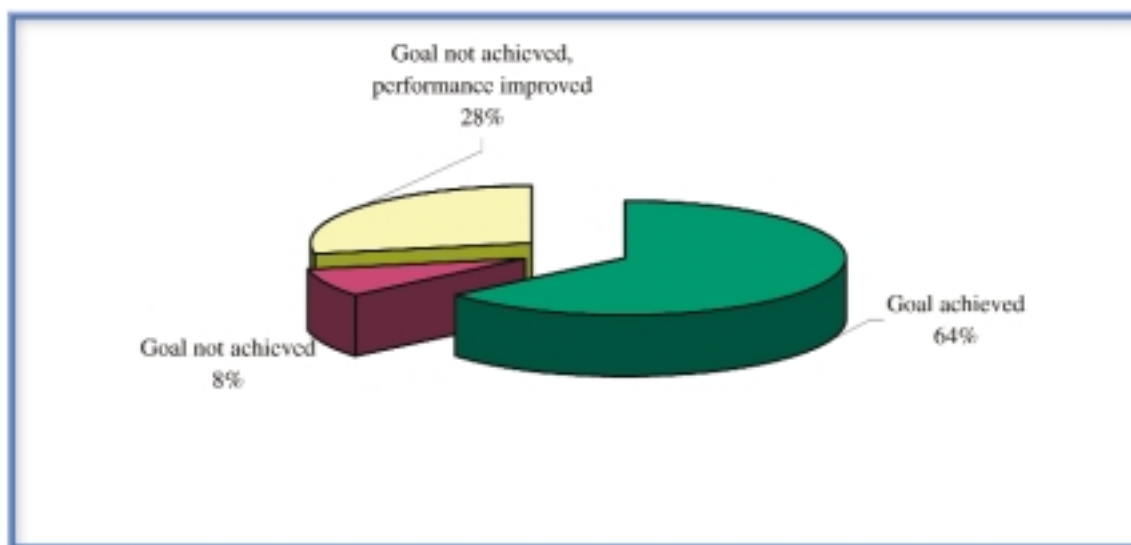
veterans was implemented for those veterans with service-connected disabilities rated 50 percent or greater. This new priority includes hospitalization and outpatient care for both service-connected and nonservice-connected treatment. In 2004, VA will provide priority access to other veterans for their service-connected conditions.

We have fully implemented nearly all of the approved recommendations of the Secretary's Claims Processing Task Force. These efforts are bringing us closer to our goal for timeliness of processing compensation and pension claims. As a result, we continue to significantly reduce the age of the pending inventory and greatly reduced the number of claims in our inventory, including our oldest cases (those over 6 months old). The Department remains committed to improving the timeliness of claims processing and has developed strategies for accomplishing future performance goals.

Some of the most important successes attained in FY 2003 are summarized below under our key performance results by strategic goal. Some of the 27 key performance goals deal with program outcomes;

others pertain to the management of our programs. FY 2003 data for all of these key performance goals are listed in the "performance actual" column of the performance scorecard on page 4. For some measures

for which final data were not available, we are reporting preliminary data and will present final data in the 2004 report and 2005 Congressional Budget.



The Department achieved 16 of the 25 key performance goals (64 percent) for which we had FY 2003 targets, compared with 77 percent

achievement in FY 2002. For 7 of the 9 performance goals not met, actual performance in FY 2003 was better than that reported in FY 2002. We

did not set performance goals for two measures but collected baseline data during the year.

## Key Performance Results by Strategic Goal

*Performance measurement in this report is structured around the goals and objectives presented in the Department's strategic plan. Within the narratives, we have incorporated the key measures that support these goals and objectives. (In this report, years are fiscal years unless stated otherwise.)*

### Strategic Goal 1:

*Restore the capability of veterans with disabilities to the greatest extent possible and improve the quality of their lives and that of their families.*

We use six key performance goals to measure our progress toward achieving this strategic goal, all of which focus on benefits and services for disabled veterans. We achieved one of these key performance goals. One key measure was new and did not have baseline data.

The Department exceeded the 65 percent goal for the proportion of discharges from a Domiciliary Care for Homeless Veterans program or Health Care for Homeless Veterans Community-based Contract Residential Care Program to an independent or secured institutional living arrangement by achieving 72 percent as of August 2003.

A positive improvement in the average days to process a rating claim has been made from 2002 performance, reducing the cumulative average by 41 days. Although the

Secretary's priority of 165 days was not met in 2003, the average processing time for veterans who received a decision during the last 3 months of the fiscal year was below the 2003 plan for those months. Throughout the year we continued to prioritize the oldest claims in our inventory as well as claims from our older veteran population, which had an effect on this measure. Actual timeliness for the year was 182 days versus the previous year's level of 223 days. The significant progress we achieved is further demonstrated by the decrease in the claims backlog from 345,516 rating claims at the end of 2002 to 253,597 rating claims at the end of 2003. In addition, the percentage of claims over 6 months old was reduced from 35 percent to 19 percent. Although we did not meet our goal of 100 days, the age of our pending inventory was reduced from 174 at the end of 2002 to 111 days.

During 2003, the national accuracy rate in processing rating-related claims for compensation and pension benefits improved to 85 percent as of July 2003 from 81 percent in 2002; however, we did not attain our goal of 88 percent.

The rehabilitation rate measures the number of service-disabled veterans who exited a vocational rehabilitation program and acquired and maintained suitable employment. The actual for 2003 was 59 percent, which fell below the goal of 65 percent. Fewer employment opportunities coupled with a greater number of veterans who chose to leave the program before completion contributed substantially to our falling short of the targeted rehabilitation rate.

### Strategic Goal 2:

*Ensure a smooth transition for veterans from active military service to civilian life.*

In 2003, we met four of the five key performance goals relating to achievement of this strategic goal and collected baseline information for one new measure. We surpassed our goal that 50 percent of

VA medical centers provide electronic access to health information transmitted by the Department of Defense (DoD) on separated service-members by achieving 100 percent in 2003. The Federal Health

Information Exchange /Government Computerized Patient Record is fully installed and functioning at all sites and will further ease the transition of veterans from active service to civilian life.

The timeliness of processing education claims improved during 2003. The processing of both original and supplemental education claims surpassed the goals set for 2003. Our plan was to process original education claims in no more than 29 days; it took an average of 23 days compared with 34 days in 2002. The average number of days needed to process supplemental education claims was 12 days, 3 days less than

the performance target of 15 days. This is an improvement over 2002 when we reported 16 days. The Montgomery GI Bill allows veterans the opportunity to achieve educational or vocational objectives that might not have been attained had they not entered military service.

We met our goal to assist veterans who are in default on a VA-guaranteed home mortgage, as measured

by the foreclosure avoidance through servicing ratio. The foreclosure avoidance rate improved from 43 percent in 2002 to 47 percent in 2003 due to economic factors such as interest rates, real estate appreciation, and employment levels as well as VA's aggressive proactive servicing program to assist these veterans.

### Strategic Goal 3:

*Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.*

VA achieved 9 of the 12 key performance goals for this strategic goal. For the three key performance goals we did not meet, performance in 2003 improved over that reported in 2002.

VA uses two key performance measures to assess the quality of health care delivery – the Chronic Disease Care Index II (CDCI II) and the Prevention Index II (PI II). These indices measure the degree to which the Department follows nationally recognized guidelines for the treatment and care of patients. Through the third quarter of 2003, VA surpassed its CDCI II target of 78 percent by achieving an 80 percent score and surpassed its PI II target of 80 percent by achieving an 83 percent score.

The share of inpatients and outpatients rating VA health care service as “very good” or “excellent” improved, surpassing the targets by achieving 73 percent for inpatient satisfaction and 74 percent for outpatient satisfaction in 2003. This indicates a very high level of satisfaction with VA health care and is an improvement over the inpatient and outpatient satisfaction

levels recorded during 2002, at 70 percent and 71 percent, respectively.

For 2003, the Department worked hard to improve the timeliness of providing health care to veterans and we achieved the goals set: to reduce the average waiting time for new patients seeking primary care clinic appointments to 45 days, and to reduce the average waiting time for the next available appointment in a specialty clinic to 60 days. Through August 2003, we achieved 43 days and 45 days for these goals, respectively.

VA is striving to meet the needs of veterans for both institutional nursing home care and non-institutional care by increasing the aggregate of VA, state, and community nursing home and non-institutional long-term care as expressed by average daily census. During the course of 2003, the target for non-institutional care was reduced to account for methodology changes in capturing and calculating census data. The target for 2003 for non-institutional care was lowered to 19,561 and as of August 2003, our average daily census was 17,583. For this same period, we did not meet

our institutional goal of 32,429 but achieved an average daily census of 33,031.

VA surpassed its target of 2.8 days for average days to process insurance disbursements, improving on the 2002 actual of 2.6 days by achieving 2.4 days in 2003.

VA succeeded in surpassing the goal of 74.4 percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence by achieving 75.2 percent at the end of 2003. This is the Department's primary measure of the degree to which we are providing access to burial services.

Ninety-four percent of survey respondents rated the quality of service provided by the national cemeteries as “excellent.” This was 1 percent less than the goal of 95 percent but is an improvement over our 91 percent rating in 2002.

VA exceeded by 2 percent the planned goal of marking 70 percent of graves in national cemeteries within 60 days of the date of interment.

## Strategic Goal 4:

*Contribute to the public health, emergency management, socioeconomic well-being, and history of the Nation.*

VA succeeded in achieving one of the two key performance goals relating to this strategic goal in 2003. We met the 99 percent goal of VA research projects devoted to the Designated Research Areas.

Ninety-seven percent of survey respondents rated national cemetery appearance as “excellent” in 2003, maintaining our success of 2002. This was 1 percent below the 2003 goal.

## Enabling Goal:

*Deliver world-class service to veterans and their families by applying sound business principles that result in effective management of people, communications, technology and governance.*

We achieved one of the two key performance measures that focus on improving business processes for our medical program. We improved our ratio of collections to billings by surpassing our goal of 40 percent and achieving 41 percent, which is an improvement over the 37 percent achieved in 2002.

Our goal to increase the value of sharing agreements with DoD to \$100 million was not achieved; however, our efforts to coordinate activities with DoD improved, as we estimate \$92 million in sharing in 2003.

## The Challenges Ahead:

As we strive to provide the highest quality benefits and services to our Nation’s veterans, we realize we have many program and management challenges to overcome. The VA Office of Inspector General (OIG) and the General Accounting Office (GAO) have provided the most succinct description of our major challenges.

The OIG challenges include:

- Health care delivery
- Benefits processing

- Procurement
- Financial management
- Information management

The GAO challenges include:

- Access to quality health care
- Manage resources and workload to enhance health care delivery
- Prepare for biological and chemical acts of terrorism
- Improve veterans disability program

- Develop sound Departmentwide management strategies to build a high performing organization
- Federal real property: a high risk area

For a thorough discussion of these challenges, see the section on Major Management Challenges, which begins on page 143.

## All Performance Goals

In addition to the key performance goals identified by VA's senior leadership as critical to the success of the Department, program managers established other performance goals at the beginning of 2003. Collectively, these performance goals demonstrate the full scope of the Department's pro-

grams and operations. A total of 125 performance goals were set at the start of the fiscal year: 27 designated as 'key' goals and 98 as 'supporting' goals. VA met 66 percent of the performance goals for which we had data. We did not have data for 10 measures currently under development and one

measure for which data will be available in November. For those measures not achieved, 17 percent showed that the Department's performance improved over that reported in 2002. For more detailed information on supporting performance goals, refer to the tables shown on pages 86 to 96.

